

HOUSE TRANSPORTATION AND PUBLIC WORKS COMMITTEE SUBSTITUTE FOR
HOUSE BILL 1266

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

AN ACT

RELATING TO HISTORIC PRESERVATION AS ECONOMIC DEVELOPMENT;
ENACTING THE MAIN STREET REVOLVING LOAN ACT; CREATING A
REVOLVING LOAN PROGRAM FOR THE RESTORATION, REHABILITATION OR
REPAIR OF ELIGIBLE PROPERTIES; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. SHORT TITLE.--This act may be cited as the
"Main Street Revolving Loan Act".

Section 2. PURPOSE.--The purpose of the Main Street
Revolving Loan Act is to provide owners of eligible properties
with low-cost financial assistance, through the creation of a
self-sustaining revolving loan program, in the restoration,
rehabilitation and repair of those properties if they meet
certain eligibility criteria and would contribute substantially
to the state's economic well-being and to a sound and proper

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underscored material = new
[bracketed material] = delete

1 balance between preservation and development.

2 Section 3. DEFINITIONS.--As used in the Main Street
3 Revolving Loan Act:

4 A. "committee" means the main street revolving loan
5 committee;

6 B. "division" means the historic preservation
7 division of the cultural affairs department;

8 C. "eligible property" means a site, structure,
9 building or object that is subject to the Main Street Act or
10 otherwise found pursuant to rule of the committee to merit
11 preservation pursuant to the Main Street Revolving Loan Act;

12 D. "fund" means the main street revolving loan
13 fund; and

14 E. "property owner" means the sole owner, joint
15 owner, owner in partnership or an owner of a leasehold interest
16 with a term of five years or longer of an eligible property.

17 Section 4. MAIN STREET REVOLVING LOAN COMMITTEE--
18 COMMITTEE AND DIVISION DUTIES.--

19 A. The "main street revolving loan committee" is
20 created, consisting of six members as follows:

21 (1) the director of the division or the
22 director's designee;

23 (2) the coordinator of the main street program
24 under the Main Street Act or the coordinator's designee;

25 (3) the chair of the cultural properties

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1 review committee or the chair's designee;

2 (4) the director of the local government
3 division of the department of finance and administration or the
4 director's designee;

5 (5) a member appointed by the governor with
6 expertise in small loans; and

7 (6) the chair of the board of directors of
8 friends of New Mexico mainstreet, inc., or the chair's
9 designee.

10 B. Public members of the committee shall not be
11 paid but shall be reimbursed for per diem and mileage pursuant
12 to the Per Diem and Mileage Act.

13 C. The committee shall:

14 (1) elect a chair and such other officers as
15 it deems necessary;

16 (2) meet at the call of the chair but no less
17 than four times per year;

18 (3) by rule, establish eligibility criteria
19 for properties and owners, establish procedures to govern the
20 application outreach and marketing of the loan program and
21 promulgate such other rules as are necessary to carry out the
22 provisions of the Main Street Revolving Loan Act; and

23 (4) after considering the recommendations of
24 the division, make awards of loans or loan subsidies.

25 D. The division shall:

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- 1 (1) review applications for loans and loan
- 2 subsidies and make recommendations to the committee;
- 3 (2) administer all loans and loan subsidies;
- 4 (3) serve as staff to the committee; and
- 5 (4) report annually to the governor, the
- 6 legislative finance committee and the legislature on loans
- 7 made, loan payments received and all other activities conducted
- 8 pursuant to the Main Street Revolving Loan Act.

9 Section 5. MAIN STREET REVOLVING LOAN FUND.--The "main
10 street revolving loan fund" is created in the state treasury.
11 The fund shall consist of appropriations, loan payments,
12 federal funds received for the purpose of making loans, gifts,
13 grants, donations and bequests made to the fund. Income from
14 the fund shall be credited to the fund, and money in the fund
15 shall not revert or be transferred to any other fund at the end
16 of a fiscal year. Money in the fund is appropriated to the
17 committee for the purposes of making revolving loans pursuant
18 to the provisions of the Main Street Revolving Loan Act.
19 Expenditures from the fund shall be made on warrant of the
20 secretary of finance and administration pursuant to vouchers
21 signed by the director of the division.

22 Section 6. LOAN PROGRAM--APPLICATIONS--AWARDS.--

23 A. The division shall administer a program to make
24 direct loans or loan subsidies and shall contract with one or
25 more lending institutions for deposits to be used for the

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1 purpose of making or subsidizing loans to property owners for
2 the restoration, rehabilitation or repair of eligible
3 properties.

4 B. The committee shall adopt a procedure for the
5 priority ranking of applications and projects, both eligible
6 and ineligible for federal funding assistance, for which loan
7 or loan subsidy applications have been received by the
8 division. The procedure shall be based on factors including
9 geographic distribution of recipient projects, severity of
10 deterioration of the eligible property, degree of architectural
11 and construction detail in the loan application demonstrating
12 the feasibility of the proposed restoration, rehabilitation or
13 repair of the eligible property and availability of other
14 funding for the project. All loans or loan subsidies from the
15 fund shall be granted pursuant to the procedure, and the
16 procedure shall be reviewed annually by the division and the
17 committee.

18 C. Loans or loan subsidies shall be made by the
19 committee pursuant to the following criteria:

20 (1) loans or loan subsidies from the fund
21 shall be made only to property owners who:

22 (a) agree to repay the loan and to
23 maintain the eligible property as restored, rehabilitated or
24 repaired for the period specified in the loan but not less than
25 five years;

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1 (b) agree to maintain complete and
2 proper financial records regarding the eligible property and to
3 make these available to the division and the committee on
4 request;

5 (c) agree to complete the proposed
6 restoration, rehabilitation or repair work on the eligible
7 property within twenty-four months from the date of loan
8 approval by the committee;

9 (d) provide sufficient collateral
10 security interest in the eligible property to the state in
11 accordance with rules established by the committee;

12 (e) meet the income eligibility criteria
13 of the rules established by the committee;

14 (f) demonstrate to the satisfaction of
15 the division in accordance with rules established by the
16 committee that the property owner has been denied a loan by at
17 least two financial lenders for the same amount, for the same
18 purpose and subject to the same general conditions as the loan
19 that the property owner seeks to borrow from the fund;

20 (g) submit conceptual design and
21 business plans with respect to the use of the loan proceeds,
22 prepared with the assistance of the local main street project
23 organization, the state main street program or other
24 professionals with experience in architecture, design or
25 business and financial planning;

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1 (h) agree to all financial and other
2 commitments, terms and conditions for the loan established by
3 the division or the committee; and

4 (i) agree to any restrictions on
5 assignments of loans from the fund required by the committee or
6 the division;

7 (2) a loan shall be made for a period not to
8 exceed five years with interest on the unpaid balance at a rate
9 not greater than the yield at the time of loan approval on
10 United States treasury bills with a maturity of three hundred
11 sixty-five days plus one-half of one percent. A loan shall be
12 repaid by the property owner in equal installments not less
13 often than annually with the first installment due within one
14 year of the date the loan is issued. If a property owner
15 transfers ownership of the eligible property with respect to
16 which a loan is made, all amounts outstanding under the loan
17 shall become immediately due and payable and the property owner
18 shall make a final interest payment on the principal amount due
19 at a rate equal to the interest rate on the loan plus an
20 additional one percent;

21 (3) loans shall be made only for eligible
22 costs. Eligible costs include architectural, design, graphic
23 design, construction and engineering documents and planning
24 costs, inspection of work in progress, contracted restoration,
25 rehabilitation and repair costs and costs necessary to meet

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1 code requirements. Eligible costs do not include costs of land
2 acquisition, legal costs or fiscal agents' fees; and

3 (4) loans are not assignable.

4 D. The division shall deposit in the fund all
5 receipts from the repayment of loans made pursuant to the Main
6 Street Revolving Loan Act.

7 Section 7. APPROPRIATION.--Two million dollars
8 (\$2,000,000) is appropriated from the general fund to the main
9 street revolving loan fund for expenditure in fiscal year 2008
10 and subsequent fiscal years to make loans pursuant to the Main
11 Street Revolving Loan Act. Any unexpended or unencumbered
12 balance remaining at the end of a fiscal year shall not revert
13 to the general fund.